August 25, 2006

The Honorable Mark Sanford Office of the Governor Post Office Box 11829 Columbia, South Carolina 29211

Dear Governor Sanford:

As requested, I am enclosing the South Carolina Department of Agriculture's Budget Plan which includes the Executive Summary, Detailed Justification for Operating Budget Priorities and the 2% Cost Savings Assessment & the Agency Priority Assessment of its activities for the fiscal year 2007-2008. Also enclosed is one requested proviso change.

Sincerely,

Hugh E. Weathers

Enclosures

FISCAL YEAR 2007-08 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: Section 22/P16/S.C. Department of Agriculture

B. Statewide Mission:

Our mission is to promote and nurture the growth and development of South Carolina's agriculture industry and its related businesses while assuring the safety and security of the buying public. Our shared vision is for the state economy to grow and prosper providing everyone, producers and consumers, opportunities to enjoy the fruits of agriculture.

- C. Summary Description of Strategic or Long-Term Goals:
- (1) Promoting agriculture and agribusiness in the state by providing agricultural marketing assistance
- (2) Maximizing protection of producers and consumers
- (3) Providing public awareness, promotion, and publicity of South Carolina agricultural products
- (4) Effectively managing agency operations and a diverse work force

D.

| Summary of Operating Budget | | | \mathbf{F} | UNDING | | | | FTE | s | |
|------------------------------------|----------------------------|-----------|--------------|---------|-------|-----------|-------|------|-------|-------|
| Priorities | Priorities for FY 2007-08: | | State | | | | | | | |
| | | Recurring | Recurring | Federal | Other | Total | State | Fed. | Other | Total |
| Priority | Title: South Carolina | 0 | \$600,000 | 0 | 0 | \$600,000 | 0 | 0 | 0 | 0.00 |
| No.: 1 | Quality Program | | | | | | | | | |
| Strategic (| Goal No. Referenced in | | | | | | | | | |
| Item C Al | oove (if applicable): 1 | | | | | | | | | |
| <u>& 3</u> | | | | | | | | | | |
| Activity N | Number & Name:1216 | | | | | | | | | |
| Marketing | g and Promotions | | | | | | | | | |
| Priority | Title: | 0 | 0 | 0 | 0 | \$ 0 | 0 | 0 | 0 | 0.00 |
| No.: | | | | | | | | | | |
| Strategic (| Goal No. Referenced in | | | | | | | | | |
| Item C Al | oove (if applicable): | | | | | | | | | |
| Activity N | Number & Name: | | | | | | | | | |
| Priority | Title: | 0 | 0 | 0 | 0 | \$ 0 | 0 | 0 | 0 | 0.00 |
| No.: | | | | | | | | | | |

| Summary of Operating Budget | | FUNDING | | | | | FTEs | | | |
|---|-------------------------|--------------------|---------|-------|-----------|-------|------|-------|-------|--|
| Priorities for FY 2007-08: | State Non- Recurring | State Recurring | Federal | Other | Total | State | Fed. | Other | Total | |
| Strategic Goal No. Referenced in Item C Above (if applicable): Activity Number & Name: | | | | | | | | | | |
| TOTAL OF ALL PRIORITIES | \$ 0 | \$ 600,000 | \$ 0 | \$ 0 | \$600,000 | 0.00 | 0.00 | 0.00 | 0.00 | |

E. Agency Recurring Base Appropriation:

State \$ 4,677,439 Federal\$ 125,000 Other \$ 7,059,553

F. Efficiency Measures:

- Annual review of the agency's programs for maximum efficiency of operations
- Use of zero base budget methodology to review program expenses and projection of program needs
- Continued progress on the Columbia Farmers Market relocation/renovation project
- Continued success with the recently developed Agriculture Commissioners Advisory Board of SC made up of all the presidents of different commodity boards
- Special emphasis with small farms programs and organic certification
- Registration and licensing forms available online for consumers

G.

| Summary of | mary of Capital Budget Priorities: | | Additional State Funds | Previously Authorized State Funds | Total Other Fund Sources | Project Total |
|---------------|---------------------------------------|--------------|---------------------------|---|--------------------------------|------------------|
| Priority No.: | Project Name: Activity Number & Name: | Project No*: | 0 | 0 | 0 | \$ 0 |
| Priority No.: | Project Name: Activity Number & Name: | Project No*: | 0 | 0 | 0 | \$ 0 |
| Priority No.: | Project Name: Activity Number & Name: | Project No*: | 0 | 0 | 0 | \$ 0 |
| TOTAL OF A | ALL CAPITAL BUDGET PRIORITI | ES | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

^{*} If applicable

- H. Number of Proviso Changes: (1)
- I. Signature/Agency Contacts/Telephone Numbers:

Hugh E. Weathers, Commissioner

James Trexler P.O. Box 11280 Columbia, SC 29211 (803) 734-2194

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

- A. Agency Section/Code/Name: Section 22/P16.S.C. Department of Agriculture
- B. Priority No. 1 of 1
- C. (1) Title: South Carolina Quality Program
 - (2) Summary Description: To establish a program that would help market S.C. agriculture products
 - (3) Strategic Goal/Action Plan (if applicable):
- D. Budget Program Number and Name:

IV A. Marketing & Promotions

- E. Agency Activity Number and Name: 1216 Marketing & Promotions
- F. Detailed Justification for Funding
- (1) Justification for Funding Increase: Agriculture is the second largest industry in South Carolina and there is a great opportunity to promote that fact and the diversity of products available to consumers. The South Carolina Quality Program will focus on developing consumer awareness and promotional programs for South Carolina grown and processed products to increase overall demand for products produced in our state. In addition, the South Carolina Department of Agriculture will partner with local and regional food chains and other food distributors to develop programs to inform customers of what products are available during the season and to feature South Carolina products in advertisement programs. The approach is to build the logo image so that people recognize and differentiate locally produced products from products shipped in from other areas. The second facet is to ensure that South Carolina products are available in our regional chains and farm markets and that the customer is able to identify those products. We also plan to develop promotional programs through major food industry publications that reach a national audience to showcase products produced in our state. In a very competitive market, this will allow us to reach many new potential customers in the major markets of the United States. We envision the South Carolina Quality Program as a total package to reach all facets of the food marketing network. By developing a program that reaches both the consumer and the major buyers, we can increase overall demand for our products, showcase the variety of agricultural products produced in our state, emphasize the importance of agriculture to our overall state economy, and impact the overall agricultural income in South Carolina.

| State Non-Recurring Funds | State Recurring Funds | Federal | Other | Total |
|---------------------------------|-----------------------------|--|---|---|
| | | | | |
| | | | | 0.00 |
| | | | | \$ 0 |
| | | | | \$ 0 |
| | | | | \$ 0 |
| | | | | \$ 0 |
| | \$600,000.00 | | | \$ 600,000.00 |
| \$ 0 | \$ 600,000.00 | \$ 0 | \$ 0 | \$600,000.00 |
| | Non-Recurring Funds | Non-Recurring Funds Funds Recurring Funds \$600,000.00 | Non-Recurring Funds Funds Federal Federal Federal Federal Federal | Non-Recurring Funds Funds Funds Federal Other \$600,000.00 |

| (2) | \ D | A . | priation: |
|-----|---------------|----------|-----------|
| 13 | 1 Race | Annro | nriationi |
| (,) | <i>i</i> Dasc | Δ | инаими. |
| | | | |

 State
 \$ 4,677,439

 Federal
 \$ 125,000

 Other
 \$ 7,059,553

| (4) | Is this priority associated with a Capital Budget Priority | ? | No | If yes, state | Capital | Budget Priority | Number a | nd Project |
|-----|--|---|----|---------------|---------|------------------------|----------|------------|
| | Name: | | | | | | | |

G. Detailed Justification for FTEs

- (1) Justification for New FTEs
 - (a) Justification:
 - (b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

| | State | Federal | Earmarked | Restricted | Total |
|----------------------------|-------|---------|-----------|------------|-------|
| Position Title: | | | | | |
| (a) Number of FTEs | | | | | 0.00 |
| (b) Personal Service | | | | | \$ 0 |
| (c) Employer Contributions | | | | | \$ 0 |

| | State | Federal | Earmarked | Restricted | Total |
|----------------------------|-------|---------|-----------|------------|-------|
| Position Title: | | | | | |
| (a) Number of FTEs | | | | | 0.00 |
| (b) Personal Service | | | | | \$ 0 |
| (c) Employer Contributions | | | | | \$ 0 |

| (3) | FTEs in Program A | Area per FY | 2006-07 | Appropriation Act: | |
|-----|-------------------|-------------|---------|--------------------|--|
| | | | | State | |

Federal _____Other

| Agency-wide Vacant FTEs as of July 31, 2006: | |
|--|--|
| <i>y</i> , | |

% Vacant _____%

H. Other Comments: Neighboring states have established similar quality programs with state appropriated funding their local products instate and regionally. Not having a state-funded program of this type has put us at a severe disadvantage regarding marketing South Carolina's agricultural products both in and out of state.

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. 2% COST SAVINGS ASSESSMENT

A. Agency Section/Code/Name: Section 22/P16/S. C. Department of Agriculture

B. Agency Activity Number and Name: 1214 Laboratory Services

C. Explanation of Cost Savings Initiative:

Reduce rent for our agency operations by \$93,549. Our State Appropriated funds have decreased by \$2.3 million since Fiscal Year 2000-2001. Our current funding level of \$4,677,439 reflects our funding level from Fiscal Year 1983-84 – a two-decade ago funding level. This agency has already eliminated programs that were not seen as critical.

D. Estimate of Savings:

| FY 2007-08 Cost Savings Estimates: | General | Federal | Other | Total |
|---------------------------------------|----------|---------|-------|----------|
| Personnel: | | | | |
| (a) Number of FTEs | | | | 0.00 |
| (b) Personal Service | | | | \$ 0 |
| (c) Employer Contributions | | | | \$ 0 |
| Program/Case Services | | | | \$ 0 |
| Pass-Through Funds | | | | \$ 0 |
| Other Operating Expenses | \$93,549 | | | \$93,549 |
| Total | \$93,549 | \$ 0 | \$ 0 | \$93,549 |

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*): If rent is decreased by the Budget and Control Board, there should be no negative impact to the activity.

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F.

| Summary of Cost Savings | FUNDING | | | | FTEs | | | |
|-----------------------------|----------|---------|-------|----------|-------|------|-------|-------|
| Initiatives for FY 2007-08: | | | | | | | | |
| | General | Federal | Other | Total | State | Fed. | Other | Total |
| Initiative Title: | \$93,549 | 0 | 0 | \$93,549 | 0 | 0 | 0 | 0.00 |
| Decrease energy charges | | | | | | | | |
| Activity Number & Name: | | | | | | | | |
| 1214 Laboratory Services | | | | | | | | |
| Initiative Title: | 0 | 0 | 0 | \$ 0 | 0 | 0 | 0 | 0.00 |
| Activity Number & Name: | | | | | | | | |
| Initiative Title: | 0 | 0 | 0 | \$ 0 | 0 | 0 | 0 | 0.00 |
| Activity Number & Name: | | | | | | | | |
| TOTAL OF ALL INITIATIVES | \$93,549 | \$ 0 | \$ 0 | \$93,549 | 0.00 | 0.00 | 0.00 | 0.00 |

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

A. Agency Section/Code/Name: Section 22/P16/S. C. Department of Agriculture

B. Agency Activity Number and Name: 1214 Laboratory Services

C. Explanation of Lowest Priority Status:

Reduce rent for our agency operations by \$93,549. Our State Appropriated funds have decreased by \$2.3 million since Fiscal Year 2000-2001. Our current funding level of \$4,677,439 reflects our funding level from Fiscal Year 1983-84 – a two-decade ago funding level. This agency has already eliminated programs that were not seen as critical.

D. Estimate of Savings:

| Estimate of Savings: | General | Federal | Supplemental | Capital Reserve | Other | Total |
|----------------------------|----------|---------|--------------|--------------------|-------|----------|
| Personnel: | | | | | | |
| (a) Number of FTEs | 0 | 0 | 0 | 0 | 0 | 0.00 |
| (b) Personal Service | 0 | | 0 | 0 | 0 | \$ 0 |
| (c) Employer Contributions | 0 | | 0 | 0 | 0 | \$ 0 |
| | | | | | | |
| Program/Case Services | 0 | 0 | 0 | 0 | 0 | \$ 0 |
| Pass-Through Funds | 0 | 0 | 0 | 0 | 0 | \$ 0 |
| Other Operating Expenses | \$93,549 | 0 | 0 | 0 | 0 | \$93,549 |
| | | | | | | |
| Total | \$93,549 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$93,549 |

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E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients*.):

The Budget and Control Board's reducing our rent to a more tolerant amount will have no negative impact on the agency or on customers and clients.

F.

| Summary of Priority Assessment of | | | | Capital | | | |
|--|----------|---------|--------------|---------|-------|----------|-------------|
| Activities | General | Federal | Supplemental | Reserve | Other | Total | FTEs |
| Activity Number & Name: | \$93,549 | 0 | 0 | 0 | 0 | \$93,549 | 0 |
| 1214 Laboratory Services | | | | | | | |
| Activity Number & Name: | 0 | 0 | 0 | 0 | 0 | \$ 0 | 0 |
| Activity Number & Name: | 0 | 0 | 0 | 0 | 0 | \$ 0 | 0 |
| Activity Number & Name: | 0 | 0 | 0 | 0 | 0 | \$ 0 | 0 |
| Activity Number & Name: | 0 | 0 | 0 | 0 | 0 | \$ 0 | 0 |
| TOTAL OF LOWEST PRIORITES | \$93,549 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$93,549 | 0.00 |